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Swine Farm Business Summary

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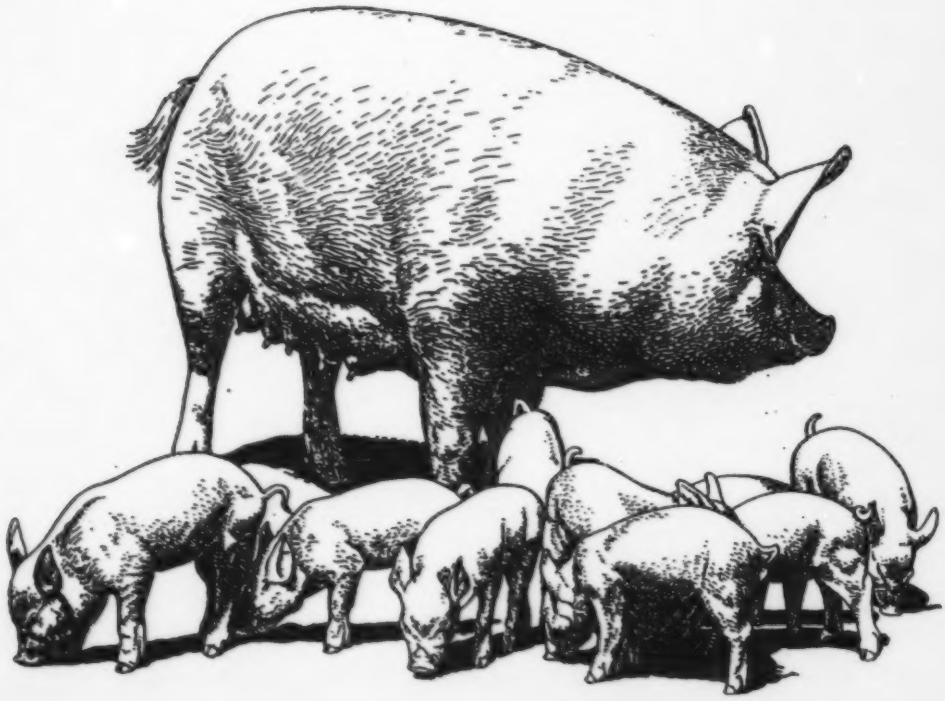

SOW WEANLING

PREFACE

The 1990 Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is a synopsis of the business performance of seven (7) Nova Scotia swine farms.

Please note that the farms used in this summary were not selected on a random sample basis; rather, the farmers involved volunteered their data for use in the summary. This fact should be taken into consideration in the use and interpretation of the results shown in the various tables of this summary.

Despite this limitation, it is a useful exercise for farmers to compare their individual results with group average figures of farmers with similar characteristics. Such comparisons can provide the farm manager with useful information that can be used in making management decisions. However, the best information obtained is the farmer's own records and a comparison of these from one year to the next.

The co-operation of the seven (7) swine producers who participated in this summary is gratefully acknowledged.

Thanks are also extended to Jim Houghton and Ronda Bellefontaine who assisted in gathering the data, and to Cheryl Theriau who provided the secretarial work.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertently appear in the final version.

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INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is designed to provide bench-mark information which can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, you should ask meaningful questions in regard to the costs, incomes, efficiencies, and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. The profit picture can also be improved by identifying the weak areas and by taking corrective action.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. You should identify these goals and objectives, and then compare your performance in order to determine whether you are achieving them.

There are several ways that you can compare and analyze your farm performance. These include:

- You can compare your performance this year to that of last year. This is perhaps the best type of comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report should be useful in this regard.

- You can compare your performance to that obtained by research - realizing that the research data was obtained under a special set of conditions.

REVENUE

Revenue from the sale of hogs averaged 89.5 percent of total farm revenue for this group. Weanling sales were 92.1 percent, cull sows and boars 5.9 percent, market hogs 1.3 percent, and other hogs 0.7 percent.

Total farm cash revenue was $152,372. on a per farm basis, or $1,143. on a per sow basis.

REVENUE

ITEM	PER FARM	PER SOW
Weanlings	$ 125,585.	$ 942.
Market Hogs	1,775.	13.
Other Hogs	933.	7.
Cull Sows	7,471.	56.
Cull Boars	617.	5.
TOTAL HOG CASH REVENUE	$ 136,381.	$ 1,023.
Subsidies	4,493.	34.
Other Income	11,498.	86.
TOTAL FARM CASH REVENUE	$ 152,372.	$ 1,143.

EXPENSES

Purchased feed was the largest single expense item and accounted for 46.4 percent of cash expenses. In dollar terms, feed was $440. on a per sow basis, or $58,628. on a per farm basis. This translates into $22.07 per weaner.

Other major expenses (on a per sow basis) were: hired labor at $107., swine purchased at $87., utilities at $59., and vet and drug expense at $29.

EXPENSES

ITEM	PER FARM	PER SOW
Feed Purchased	$ 58,628.	$ 440.
Swine Purchased	11,591.	87.
Hired Labour	14,269.	107.
Bedding	273.	2.
Vet & Drugs	3,893.	29.
Hog Supplies	1,490.	11.
Marketing Costs	28.	0.
Utilities	7,883.	59.
Taxes	914.	7.
Insurance	2,828.	21.
Building Repairs	4,066.	30.
Machinery & Equipment Expense	5,820.	44.
Auto Expense	1,414.	11.
Interest - Operating	3,903.	29.
Miscellaneous	2,738.	21.
Other Non-Hog Expenses	6,501.	49.
TOTAL CASH EXPENSES	$ 126,240.	$ 947.

INCOME SUMMARY

Income is one of the key factors studied when analyzing a farm business. In this table, two (2) measures of income are summarized.

NET CASH INCOME refers to the difference between Farm Cash Revenue and Cash Expenses. For these farms, Net Cash Income averaged $26,132. per farm or $196. on a per sow basis.

NET FARM INCOME is the difference between Farm Cash Revenue and Cash Expenses with adjustments made for inventory change, depreciation and interest on capital loans. Net Farm Income averaged $9,422. per farm or $71. on a per sow basis for the farms included in this group.

INCOME SUMMARY

ITEM	PER FARM	PER SOW
Total Farm Cash Revenue	$ 152,372.	$ 1,143.
Total Cash Expenses	126,240.	947.
NET CASH INCOME	$ 26,132.	$ 196.
Plus: Inventory Change	$ 5,423.	$ 41.
Less: Depreciation	13,245.	99.
Less: Interest on Capital Loans	8,888.	67.
NET FARM INCOME	$ 9,422.	$ 71.

AVERAGE COST OF PORK PRODUCTION

The average cost of producing pork was $2.56 per kilogram ($1.16 per lb.) on a liveweight basis.

Note that this cost figure does not include a value for operator labour or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amounts have been added for what are traditionally called "Opportunity Costs".

AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER SOW
Total Farm Expenses	$ 148,373.	$ 1,113.
Plus: Inventory Change	- 5,423.	- 41.
Less: Cull Sales	8,088.	61.
Less: Other Income	11,498.	86.
TOTAL COSTS	$ 123,364.	$ 925.
Total kgs of Pork Produced	48,210	362
Ave. Cost of Production	$ 2.56	$ 2.56

COST ANALYSIS

Purchased feed was the largest single cost item, accounting for 39.5 percent of total costs. Other major expenses were: swine purchases at 7.8 percent, hired labour at 9.6 percent, depreciation at 8.9 percent, and utilities at 5.3 percent of total costs. Total interest accounted for 8.6 percent of total cost.

COST ANALYSIS

ITEM	PERCENTAGE OF TOTAL COSTS
Feed Purchased	39.5 %
Swine Purchased	7.8
Hired Labour	9.6
Bedding	.2
Vet & Drugs	2.6
Hog Supplies	1.0
Marketing Costs	.0
Utilities	5.3
Taxes	.6
Insurance	1.9
Building Repairs	2.7
Machinery & Equipment Expense	3.9
Auto Expense	1.0
Interest - Operating	2.6
Miscellaneous	1.8
Other Non-Hog Expenses	4.4
Depreciation	8.9
Interest - Capital Loans	6.0
TOTAL	100.0

PRODUCTION ANALYSIS

The average size of the units in this study was 133 sows. Production averaged 2.20 litters per sow per year.

Total pigs born per sow were 24.50, of which 19.87 were weaned. Suckling mortality averaged 4.68 pigs or 19.12 percent of pigs born. Weanling sales were 18.78 weaners per sow.

PRODUCTION ANALYSIS

ITEM	PER FARM	PER SOW
Number of Sows	133	1.00
Number of Boars	6	.05
Number of Litters	293	2.20
Pigs Born	3,268	24.50
Pigs Born Alive	3,072	23.03
Pigs Weaned	2,650	19.87
Pigs Born per Litter	11.15	-
Pigs Born Alive per Litter	10.48	-
Pigs Weaned per Litter	9.04	-
Suckling Mortality (#)	625	4.68
Suckling Mortality (%)	19.11	-
Weanlings Sold	2,505	18.78
Gilts Kept for Replacement	2	.01
Market Hogs Sold	13	.10
Other Hogs Sold	7	.05
Inventory Change	45	.34
Inventory Adjustment	0	.00
Purchases	53	.39
Feeder Hog Mortality (#)	71	.54
Feeder Hog Mortality (%)	2.66	.02

PRODUCTION ANALYSIS

A number of production coefficients provide additional information about the sow-weanling enterprise. Average weight per weanling sold was 17 kilograms (37.4 pounds), while the average price received per weanling was $50.14 ($2.95 per kg).

Feed consumption per weanling produced, averaged 1.03 kgs of creep, 17.86 kgs of starter, 62.40 kgs of sow & boar feed; for a total of 81.57 kgs of feed, resulting in a total cost of $22.07 per weanling.

The cull rate on sows averaged 31.71 percent, and for each man equivalent of labour available, 75 sows were maintained.

PRODUCTION ANALYSIS

ITEM	UNIT	PER FARM
Ave. Weight per Weanling Sold	(kgs)	17
Ave. Return per Weanling	($)	50.14
Sow Mortality	(%)	3.21
Cull Rate on Sows	(%)	31.71
Labour Man Equivalents	(#)	1.77
Sows kept per Man Equivalent	(#)	75
Total Sales per Man Equivalent	($)	86,225
Weanlings Produced per Man Equivalent	(kgs)	24,778
Creep per Weanling	(kgs)	1.03
Creep Cost per Weanling	($)	.78
Starter per Weanling	(kgs)	17.86
Starter Cost per Weanling	($)	5.89
Creep & Starter per Weanling	(kgs)	18.89
Creep & Starter Cost per Weanling	($)	6.67
Sow & Boar Feed per Weanling	(kgs)	62.40
Sow & Boar Feed Cost per Weanling	($)	15.41
Total Feed per Weanling	(kgs)	81.57
Total Feed Cost per Weanling	($)	22.07
Creep Cost per Tonne	($)	753.21
Starter Cost per Tonne	($)	329.73
Sow & Boar Feed Cost per Tonne	($)	246.88
Feed per Sow & Boar	(kgs)	1,185

SUMMARY

The 1990 Nova Scotia Swine Farm Business Summary for Sow-Weanling operations provides basic information and statistics on the costs and returns associated with the sow-weanling enterprise on Nova Scotia farms. While not based on a statistically sound sample of swine farms, the summary can be used with care to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

In reviewing the information contained in previous pages, the following points can be noted:

- Average farm size measured in terms of sow numbers was 133 sows.
- Average litters per sow per year was 2.20.
- Average pigs weaned per sow per year was 19.87.
- Average sales of weanlings per sow per year was 18.78.
- Average weanling sale weight was 17 kilograms (37.4 pounds).
- Average feed consumed per weanling was 81.57 kilograms, including sow and boar feed. Average feed cost per weanling was $22.07.
- Average price received per weanling was $50.14 ($2.95 per kg). Total hog sales per sow were $1,023.
- Average cost of production per kilogram was $2.56.
- Average net farm income was $71 per sow. This is a decrease of $16. from 1989.

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in many of the costs, returns and management factors.

Below, we outline a number of the variations observed:

- Net Farm Income had a range of $785. per sow between the highest and lowest.
- Total feed cost per sow had a range of $236.
- Kilograms of creep and starter feed per weanling varied as much as 11.27 kilograms.

- Total feed fed per weanling (including sow and boar feed) varied as much as 107.17 kilograms.

- Pigs weaned per sow varied as much as 10.98 pigs per year.

- Sows kept per man equivalent had a range of 83 sows between the highest and lowest numbers of sows per man.

It is difficult to isolate specific characteristics that result in a profitable sow unit with such wide variation in many of the costs, returns and production factors. It would appear, however, that a number of the key factors of production outlined above, such as production per unit, cost control, efficient use of capital and labour, are of significant importance in determining the success of the farm unit.